

**UNITED STATES DISTRICT COURT**  
 for the  
 District of South Carolina

In the Matter of the Seizure of \_\_\_\_\_ )  
 (Briefly describe the property to be seized) )  
 Contents of KuCoin Account # 147634603, in the ) Case No. 7:22-cr-888-JDA  
 identifier Karmafix7@gmail.com )  
 \_\_\_\_\_ )

**APPLICATION FOR A WARRANT  
 TO SEIZE PROPERTY SUBJECT TO FORFEITURE**

I, a federal law enforcement officer or attorney for the government, request a seizure warrant and state under penalty of perjury that I have reason to believe that the following property in the \_\_\_\_\_ District of  
 South Carolina \_\_\_\_\_ is subject to forfeiture to the United States of America under \_\_\_\_\_ 18 U.S.C. §  
981(a)(1)(A) (describe the property):  
 See attached affidavit.

The application is based on these facts:  
 See attached affidavit.

Continued on the attached sheet.



Applicant's signature

USSS S/A Joseph Lea

Printed name and title

Sworn to before me and signed in my presence.

Date: Oct 26, 2022

City and state: Greenville, SC



Judge's signature

U.S. Magistrate Judge Jacquelyn D. Austin

Printed name and title

## AFFIDAVIT

I, JOSEPH J. LEA, being duly sworn, declare and state as follows:

## I. INTRODUCTION

5       1. I am a Special Agent ("SA") with United States Secret  
6 Service ("USSS"), and have been so employed since August 2009. I am  
7 currently assigned to the Greenville Residence Office and primarily  
8 investigate financial crimes to include wire fraud, identity theft,  
9 credit card fraud, bank fraud and money laundering. Prior to  
10 becoming an SA with USSS, I was employed as police officer and  
11 detective since 2004, where I conducted numerous investigations of  
12 fraud schemes. I have received both formal and informal training  
13 from USSS and other institutions regarding cyber- and financial-  
14 related investigations, digital currencies and computer forensics.

## II. PURPOSE OF AFFIDAVIT

16       2. This affidavit is made in support of an application for a  
17 warrant to seize the following (the "Subject Funds"):

18 a. Any and all Ethereum digital currency ("ETH") held in  
19 a custodial wallet under the control of KuCoin, identified by account  
20 number 147634603 (the "Subject Account"), and under an unknown name  
21 but with the provided email of Karmaflix7@gmail.com ("KARMA"). KARMA  
22 is a resident of India. That Subject Account contains the Suspect  
23 Wallet address 0x9f1335ab2eaeeb40a2b8eaaa57ef573a3edd561a, in which  
24 Ethereum was sent and received. The current estimated value of the  
25 account is \$1,559.26 USD.

26       3. As described more fully below, there is probable cause to  
27 believe that the Subject Funds represent the proceeds of one or more  
28 violations of 18 U.S.C. §§ 1343 (Wire Fraud), 1956 (Money

1 Laundering), 1957 (Monetary Transactions in Criminally Derived  
2 Property), or a conspiracy to commit the same, (the "Subject  
3 Offenses"), committed by KARMA and other unknown co-conspirators (the  
4 "Subjects"), and are therefore subject to seizure pursuant to 18  
5 U.S.C. § 981(b) and forfeiture pursuant to 18 U.S.C. § 981(a)(1)(A)  
6 & (C).

7 4. In addition, there is probable cause to believe that the  
8 Subject Funds are subject to seizure and forfeiture to the United  
9 States pursuant to 18 U.S.C. § 982 and 21 U.S.C. § 853(f) because the  
10 property would, in the event of conviction on the alleged underlying  
11 offenses, be subject to forfeiture, and an order under section 21  
12 U.S.C. § 853(e) would not be sufficient to assure the availability of  
13 the property for forfeiture.

14 5. The facts set forth in this affidavit are based upon my  
15 personal observations, my training and experience, and information  
16 obtained from various law enforcement personnel and witnesses. This  
17 affidavit is intended to show merely that there is sufficient  
18 probable cause for the requested warrants and does not purport to set  
19 forth all of my knowledge of, or investigation into, this matter.

20 6. Unless specifically indicated otherwise, all conversations  
21 and statements described in this affidavit are related in substance  
22 and in part only, and all dates and amounts are approximations.

23 **III. SUMMARY OF PROBABLE CAUSE**

24 7. USSS and local law enforcement agencies are investigating a  
25 transnational criminal compromising victim's accounts and debit card  
26 information. In brief summary, the victim's account would be  
27 compromised and without their knowledge or consent, the debit card  
28 number linked to their bank account would be used to make purchases

1 online. In this case, the victim funds were used to purchase Ethereum  
2 (ETH) on a platform called Send Wyre. Send Wyre allows individuals to  
3 use their credit / debit cards to purchase cryptocurrency and send it  
4 at any address without the need of maintaining their own  
5 cryptocurrency wallet. From there, the funds were immediately  
6 forwarded to the suspects wallets.

7 8. As set forth below, the Subject Account was used by the  
8 suspect to receive and launder proceeds of the above-described  
9 scheme. Where the Subject Funds cannot be directly traceable to the  
10 victim discussed in this affidavit, they are laundered or derivative  
11 property found in the subject account as the digital purchased with  
12 the victim's funds in this scheme. Finally, investigating agents  
13 believe that the Subject Account was created and used primarily for  
14 the purpose of laundering scheme proceeds, including outside of the  
15 United States. Therefore, there is probable cause to believe that  
16 the Subject Funds are subject to seizure and forfeiture by the United  
17 States.

18 **IV. STATEMENT OF PROBABLE CAUSE**

19 9. Based on witness interviews, documents obtained from third  
20 parties, reports of interviews conducted by other law enforcement  
21 officers, conversations with other law enforcement officers, and  
22 publicly filed documents, I know the following:

23 **A. Background on Digital Currency**

24 10. Digital currency (also known as virtual currency or  
25 cryptocurrency)<sup>1</sup> is generally defined as an electronic-sourced unit

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27 28 <sup>1</sup> For purposes of this affidavit, the terms "digital currency,"  
"cryptocurrency," and "virtual currency" are used interchangeably and  
address the same concept.

1 of value that can be used as a substitute for fiat currency (i.e.,  
2 currency created and regulated by a government). Digital currencies  
3 exhibit properties similar to other currencies, but do not have a  
4 physical form, existing entirely on the internet. Digital currency  
5 is not issued by any government or bank (in contrast with fiat or  
6 conventional currencies) and is instead generated and controlled  
7 through computer software operating on a decentralized peer-to-peer  
8 network, often referred to as the blockchain or public ledger.  
9 Digital currency is legal in the United States and accepted for  
10 legitimate financial transactions. However, digital currency is  
11 often used for conducting illegal transactions or for concealing or  
12 disguising the true nature, source, location, ownership or control of  
13 illegally obtained proceeds. Ethereum ("ETH") is one of the most  
14 commonly used and well-known digital currencies.

15 11. A digital currency exchange (an "exchange") is a business  
16 that allows customers to trade digital currencies for other digital  
17 or fiat currencies. An exchange can be a brick and mortar business,  
18 or strictly an online business. Both brick and mortar and online  
19 exchanges accept a wide variety of digital currencies, and exchange  
20 them for fiat and traditional payment methods, other digital  
21 currencies, or transfers between digital currency owners. Most  
22 exchanges are located outside the boundaries of the United States in  
23 order to avoid regulation and legal requirements, but some popular  
24 exchanges operate inside the jurisdiction of the United States.  
25 KuCoin is an example of a popular online exchange that is located  
26 outside of the United States but cooperates with and accepts legal  
27 process from American law enforcement agencies.

1       12. A wallet is a means of storing digital currency identified  
2 by unique electronic addresses that allows an individual to conduct  
3 transactions on the public ledger. To access a wallet on the public  
4 ledger, an individual must use a public address (or "public key") and  
5 a private address (or "private key"). The public address can be  
6 analogized to an account number while the private address is similar  
7 to a password used to access that account. Even though the public  
8 address of those engaging in digital currency transactions are  
9 recorded on the public ledger, the true identities of the individuals  
10 or entities behind the public address are not recorded. If a real  
11 individual or entity is linked to a public address, however, it may  
12 be possible to determine what transactions were conducted by that  
13 individual or entity. Therefore, digital transactions are often  
14 described as "pseudonymous," meaning they are partially anonymous.  
15 Most individuals are identified when they use a digital currency  
16 exchanger to make a transaction between digital currency and fiat, or  
17 through digital currency exchangers that voluntarily or through legal  
18 order, cooperate with law enforcement.

19       **B. Background on access device fraud relating to  
20                    cryptocurrency**

21       13. What is common across many access device fraud scams in  
22 relation to cryptocurrency is the use of credit / debit information  
23 to make purchases on-line through companies who specialize in  
24 conversion of FIAT currency to various forms of cryptocurrency. This  
25 immediate conversion is the first step in the scheme to attempt to  
26 conceal the source of the illicit funds. From there, in an attempt to  
27 conceal the ownership of the illicit funds, the cryptocurrency is  
28

1 immediately transferred to one or to many accounts held overseas and  
2 often by those providing little to no identifying information.

3 **C. Victim T.H. Loses Digital Currency in the Scam**

4 14. Based on conversations, emails and reports filed by T.H., I  
5 learned the following:

6 a. On or about September 25, 2022, T.H. resident of  
7 Inman, S.C. checked her email and noticed four unusual emails related  
8 to purported purchases made with her debit card at Sendwyre.com. Upon  
9 reviewing her bank account information online, it was confirmed that  
10 the associated bank account had four unauthorized charges (\$104.15,  
11 \$309.35, 309.35, and 309.31) to Sendwyre.com on September 24, 2022.  
12 T.H. immediately contacted the bank and law enforcement to report the  
13 fraud.

14 b. A review of the transaction confirmation emails sent  
15 to T.H. from Sendwyre.com indicate that all four of the transactions  
16 were sent to the wallet address

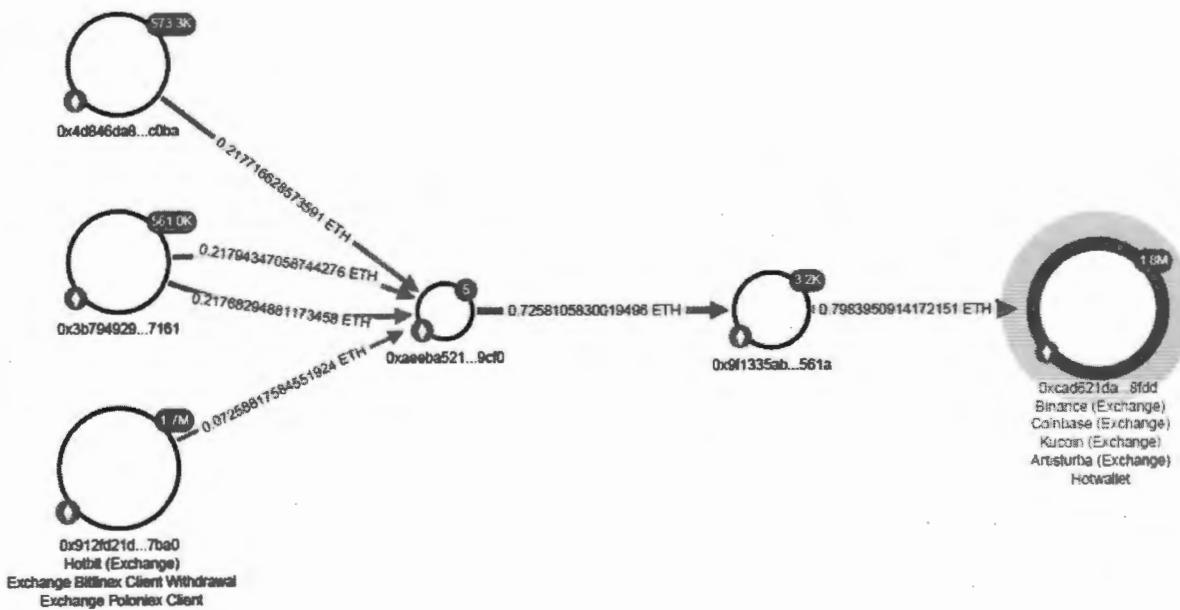
17 0xAEEBa5212607b17CE11D53E7CD734EC160dB9cF0. The receipt of the  
18 victim's funds, the immediate withdrawal of those funds within ten  
19 minutes, and the fact that those are the only lifetime transactions  
20 of the wallet are another indicator of a deliberate attempt to  
21 obscure the nature, source, and ownership of the illicit funds. The  
22 illicit funds were consolidated and immediately sent out to the  
23 Suspect Wallet. This wallet address is

24 0x9f1335ab2eaeeb40a2b8eaaa57ef573a3edd561a. This wallet is in the  
25 previously identified KuCoin Subject Account number 147634603, and  
26 under an unknown name but with the provided email of  
27 Karmaflix7@gmail.com.

28

1       15. I reviewed transaction history for digital currency wallet  
 2 0x9f1335ab2eaeeb40a2b8eaaa57ef573a3edd561a ("Suspect Wallet") in a  
 3 commercial blockchain analysis platform. Below is a summary of my  
 4 review:

5           a. On September 25, 2022, at 03:44:29 UDT  
 6 0.72581058300194962 ETH was deposited into the wallet via transaction  
 7 ID:  
 8 0xa5dc15d8cfef5c0f29a9b9b75d53000e0d12af19f092a7cedc6d7de9e123d23@25  
 9 f82714e87553240d8b03297667d344. Based on my training, experience and  
 10 information from the victim, I believe this deposit was from the  
 11 illicit funds obtained from T.H.



25           **D. Suspect Wallet / Subject Account**

26       16. On October 13, 2022, I reviewed transaction history in  
 27 Suspect Wallet provided by the hosting exchange, KuCoin:  
 28

1                   a. KuCoin identified Karmaflix7@gmail.com ("KARMA") as  
2 the account holder of Suspect Wallet. No other Know Your Customer  
3 (KYC) information was gathered or verified by KuCoin.

4                   b. Between March 4, 2022, and October 10, 2022, Suspect  
5 Wallet received 2314 deposits totaling approximately \$627,900 USD. No  
6 data was provided by KuCoin in reference to Peer-to-Peer  
7 transactions. It is not known if this exchange tracks these forms of  
8 transactions.

9                   17. Based on my training and experience, I believe the Suspect  
10 Wallet was used by the Subjects to receive proceeds from victims of  
11 wire fraud and to conceal or disguise the nature, the location, the  
12 source, the ownership, or the control of the proceeds obtained from  
13 the scam. Therefore, there is probable cause that the Suspect Wallet  
14 was used to facilitate the commission of the Subject Offenses,  
15 contained proceeds of the Subject Offenses and is therefore subject  
16 to seizure and forfeiture.

17                   18. The Subject Account bears numerous red flags for a money  
18 laundering facilitation account, namely:

19                   a. The volume of transactions in the Subject Account is  
20 highly suspicious, with more than \$600,000 thousand in USD equivalent  
21 of digital currency moved through the wallet associated with the  
22 Subject Account in less than 5 months;

23                   b. The Subject Account does not appear to hold digital  
24 currency for long, instead rapidly receiving and then retransmitting  
25 digital currency;

26                   c. The Subject Account does not appear to be engaged in  
27 any investment activity, as digital currency is rapidly moved in and  
28 out;

1                   d. While these amounts might be unsurprising in a  
2 commercial or business account, the Subject Account was opened as a  
3 personal account with no identified associated business;

4                   e. No KYC information was provided in opening of the  
5 account, and a search of the email address associated with the  
6 account do not indicate anything which would justify a personal  
7 account receiving and sending these volumes of digital currency; and

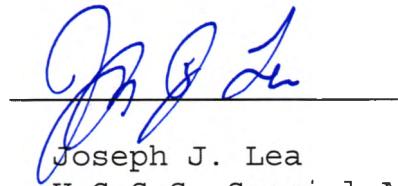
8                   19. Based on my own investigation, records provided by KuCoin,  
9 and my training and experience, I believe the Subject Account was  
10 used by the Subjects primarily to receive proceeds of transactional  
11 fraud scams involving digital currency stolen from victims and to  
12 conceal or disguise the nature, the location, the source, the  
13 ownership, or the control of the proceeds obtained from the scam.  
14 Therefore, there is probable cause the Subject Account was used to  
15 facilitate the commission of the Subject Offenses, contains proceeds  
16 of the Subject Offenses of ETH (the Subject Funds) are subject to  
17 seizure and forfeiture.

18                   V. CONCLUSION

19                   20. Based on the facts set forth above, there is probable cause  
20 to believe that the Subject Funds are subject to seizure pursuant to  
21 18 U.S.C. § 981(b) and forfeiture pursuant to 18 U.S.C.  
22 § 981(a)(1)(A) (rendering subject to forfeiture any property involved  
23 in a violation of 18 U.S.C. §§ 1956/1957), § 981(a)(1)(C) (rendering  
24 subject to forfeiture any property that constitutes or is derived  
25 from proceeds traceable to a violation of 18 U.S.C. §§ 1028, 1028A,  
26 1343, 1344), and § 982 (criminal forfeiture).

27                   21. This affidavit has been reviewed by Assistant U.S. Attorney  
28 Carrie Fisher Sherard.

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Joseph J. Lea  
U.S.S.S. Special Agent

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5 Subscribed to and sworn this 26<sup>th</sup>  
day of October \_\_, 2022.

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7  
8 THE HONORABLE JACQUELYN D. AUSTIN  
UNITED STATES MAGISTRATE JUDGE

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